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10/731,433	12/10/2003	Walter C. Muren	5997.0037	5179
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FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER LLP 901 NEW YORK AVENUE, NW WASHINGTON, DC 20001-4413				
EXAMINER				
OBEID, FAHD A				
ART UNIT		PAPER NUMBER		
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/731,433

Applicant(s)

MUREN, WALTER C.

Examiner

FAHD A. OBEID

Art Unit

3627

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 04 January 2008.
2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-42 is/are pending in the application.
4a) Of the above claim(s) 39-42 is/are withdrawn from consideration.
5) ☐ Claim(s) _____ is/are allowed.
6) ☒ Claim(s) 1-38 is/are rejected.
7) ☐ Claim(s) _____ is/are objected to.
8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☒ The specification is objected to by the Examiner.
10) ☒ The drawing(s) filed on 12/10/2003 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO-8508)
Paper No(s)/Mail Date _____
4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____

DETAILED ACTION

Status of the Application

1. **Claims 1-42** are pending in this application. Claims 1-38 will be examined in the Office action.
2. Claims 39-42 are withdrawn from further consideration pursuant to 37 CFR 1.142(b) as being drawn to a nonelected group II, there being no allowable generic or linking claim. Election was made **without** traverse in the reply filed on 01/04/2008.

Drawings Objections

3. The drawings are objected to as failing to comply with 37 CFR 1.84(p)(5) because they do not include the following reference sign(s) mentioned in the description: reference characters "1500" and "1610" are not shown in fig 4 as described by paragraph 43; if referring to figure 1 than should include (1610 and 1500 shown in figure 1). Corrected drawing sheets in compliance with 37 CFR 1.121(d) are required in reply to the Office action to avoid abandonment of the application. Any amended replacement drawing sheet should include all of the figures appearing on the immediate prior version of the sheet, even if only one figure is being amended. Each drawing sheet submitted after the filing date of an application must be labeled in the top margin as either "Replacement Sheet" or "New Sheet" pursuant to 37 CFR 1.121(d). If the

changes are not accepted by the examiner, the applicant will be notified and informed of any required corrective action in the next Office action. The objection to the drawings will not be held in abeyance.

4. The drawings are objected to as failing to comply with 37 CFR 1.84(p)(5) because they include the following reference character(s) not mentioned in the description: reference character 1620 is not described in paragraph 43. Corrected drawing sheets in compliance with 37 CFR 1.121(d), or amendment to the specification to add the reference character(s) in the description in compliance with 37 CFR 1.121(b) are required in reply to the Office action to avoid abandonment of the application. Any amended replacement drawing sheet should include all of the figures appearing on the immediate prior version of the sheet, even if only one figure is being amended. Each drawing sheet submitted after the filing date of an application must be labeled in the top margin as either "Replacement Sheet" or "New Sheet" pursuant to 37 CFR 1.121(d). If the changes are not accepted by the examiner, the applicant will be notified and informed of any required corrective action in the next Office action. The objection to the drawings will not be held in abeyance.

Claim Rejections - 35 USC § 112

5. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. Claims 1-38 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.
7. claims 1, 5, 14, 21, 22, 23, and 33 recite the phrase "such that" renders the claim indefinite because it is unclear whether the limitations following the phrase are part of the claimed invention. See MPEP § 2173.05(d).
8. Claims 1, 22, 23, and 33 recite the phrase "determining a difference between the fixed payment and the principal and interest amount" is vague and indefinite. It is unclear how possible is it to determine the difference between three different elements "fixed payment", "principal" and "interest amount". Thus the limitation is not positively cited.
9. Claims 12, 13, 14, 30, and 31 recite the phrases "increasing the revised interest rate" and "the revised interest rate is only decreasing" are vague and indefinite. It is unclear whether the revised interest rate is increasing or only decreasing. Thus the limitations are not positively cited.

Claim Rejections - 35 USC § 103

10. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

11. Claims 1-10, 12-28, and 30-38 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) in view of Stout (5,878,404).

12. Regarding Claims 1, 2, 22, 23, 24, 33, and 34: King discloses a method for providing a mortgage, said method comprising:

- Determining a principal and interest amount based on a revised interest rate, the revised interest rate not exceeding the maximum interest rate (establishing a maximum rate of interest for the financing, in provides the borrower the ability to potentially pay lower interest rates if rates decline; figs 2 & 6, col 8 lines 45-62, col 10 lines 11-19, col 13 lines 31-39, and col 14 lines 21-37).

King does not expressly disclose receiving a fixed payment, determining a difference between the fixed payment and the principal interest amount, and paying (prepaying) the mortgage based on the difference.

However, Stout discloses the following:

- Receiving a fixed payment for the mortgage, such that the fixed payment is based on an initial interest rate serving as a maximum interest rate (receiving a fixed payment of \$1000; see fig 6).
- Determining a difference between the fixed payment and the principal and interest amount (fig 6).
- Paying (prepaying) the mortgage based on the difference (fig 6).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to use Stout's teachings in King's administering an adjustable rate loan system enabled, for the advantage of managing the amortization of a loan which automatically resets the rate of interest in response to the debtor's election. Also, to take advantage of a decrease in interest rate while avoiding refinancing (Stout; see col 2 lines 31-45).

13. Regarding Claims 3, 25, and 35: King discloses a method of claim 1, wherein paying further comprises:

- Reducing a term associated with the mortgage (fig 6 and col 14 lines 48-60, and claim 76).

14. Regarding claim 4: King discloses a method of claim 1, further comprising:

- Offering the mortgage to one or more borrowers (abstract and col 5 lines 48-50).

15. Regarding claim 5: King discloses a method of claim 1, further comprising:

- Receiving a request for a lower interest rate, such that the lower interest rate is based on a current interest rate (figs 2 & 8, col 4 lines 13-15, and col 5 lines 33-36).

16. Regarding claim 6: King discloses a method of claim 5, further comprising:

- Accepting the request (fig 2).

17. Regarding claim 7: King discloses a method of claim 1, further comprising:
- Receiving an indication of an adjusted interest rate, the adjusted interest rate serving as the revised interest rate (fig 2).
18. Regarding Claims 8, 26, and 36: King discloses a method of claim 1 further comprising:
- Determining the revised interest rate based on a current available interest rate (fig 6).
19. Regarding Claims 9, 27, and 37: King discloses a method of claim 1, further comprising:
- Determining the revised interest rate based on a current interest rate plus a fixed amount (fig 6).
20. Regarding Claims 10, 28, and 38: King discloses a method of claim 1, further comprising:
- Determining the revised interest rate based on a current interest rate that does not exceed the initial interest rate (figs 3, 4, & 6).

Art Unit: 3627

21. Regarding Claims 12 and 30: King discloses a method of claim 1 further

comprising:

- Increasing the revised interest rate based on a current interest rate (col 3 lines 18-32).

22. Regarding Claims 13 and 31: King discloses a method of claim 12, wherein determining the principal and interest amount further comprises:

- Using the increased revised interest rate to determine the principal and interest amount (fig 3 and col 21 lines 46-50).

23. Regarding claim 14: King discloses a method of claim 13, further comprising:

- Defining the revised interest rate, such that the revised interest rate is only decreased (col 3 lines 18-32).

24. Regarding claim 15: King discloses a method of claim 1, further comprising:

- Determining whether one or more terms and conditions are satisfied (col 18 lines 26-30 and claim 1).

25. Regarding claims 16-21 and 32: King does not expressly disclose using the fixed payment for an entire term, receiving an indication that the fixed payment has been received, determining the fixed payment based on the initial interest rate, a principal balance at close of the mortgage and a term at close of the mortgage, determining the

principal and interest amount based on the revised interest rate and a principal balance remaining on the mortgage and a term remaining on the mortgage, and reducing the principal balance remaining on the mortgage by paying the fixed payment, and reducing the principal balance such that the mortgage amortizes positively.

However, Stout does disclose a method of claim 1, further comprising:

- Using the fixed payment for an entire term associated with the mortgage (fixed payment of \$ 1000; see at least fig 6).
- Receiving an indication that the fixed payment has been received (at least fig 6).
- Determining the fixed payment based on the initial interest rate, a principal balance at close of the mortgage, and a term at close of the mortgage (at least fig 6).
- Determining the principal and interest amount based on the revised interest rate, a principal balance remaining on the mortgage, and a term remaining on the mortgage (at least fig 6).
- Reducing the principal balance remaining on the mortgage by paying the fixed payment (at least fig 6).
- Reducing the principal balance, such that the mortgage amortizes positively (at least fig 6).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to use NPL's teachings in King's administering an adjustable rate loan system enabled, for the advantage of managing the amortization of a loan and

tracking principal reduction, rate adjustment option, the amount of a loan to the debtor, the principal balance of the loan, and the term of the loan (Stout; col 2 lines 51-63).

26. Claims 11 and 29 are rejected under 35 U.S.C. 103(a) as being unpatentable over King (5,742,775) in view of Stout (5,878,404) as applied to claim 1-10, 12-28, and 30-38 above, and further in view of NPL.

27. Regarding Claims 11 and 29: King does not expressly disclose an equation to determine the principal and interest amount.

However NPL discloses determining the principal and interest amount further comprises:

- Determining the principal and interest (P & I) amount based on the following equation:

$$P \text{ \& I amount} = (\text{loan amount}) * [(\text{lower interest rate}) / (\text{interest factor})]$$

Wherein the interest factor is determined based on the following equation:

$$\text{Interest Factor} = [1 - (1 + \text{monthly interest})] ^ {(-\text{periods})} \text{ (NPL page 8).}$$

It would have been obvious to one having ordinary skill in the art at the time the invention was made to use NPL's teachings in King's administering an adjustable rate loan system enabled, for the advantage of computing a principal and interest amounts based on fluctuating interest rates, periods, and loan to provide monthly payments.

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to FAHD A. OBEID whose telephone number is (571)270-3324. The examiner can normally be reached on Monday to Friday 8:00am-4:30pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Ryan Zeender can be reached on 571-272-6790. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

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Patent Examiner
01/25/2008